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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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RENEGOTIATING BRINGS NEGATIVE CONSEQUENCES TO MEXICO

On February 18, 2003, an internal report written by the Economic Secretariat (SE) warns that the renegotiation of NAFTA could lead to negative consequences in other areas of the Mexico-U.S. bilateral relationship, such as immigration, national security issues, and drug trafficking. (Source: *Reforma*, 2/18/03)

WTO SAYS ADJUSTMENTS WORK TOO

On February 18, 2003, Rufus Yerxa, Deputy Director of the World Trade Organization (WTO), recommended that Mexican legislators reform agricultural policies and make "adjustments" to NAFTA by using multilateral negotiations, in order to improve the profitability of Mexico's agricultural sector and reduce market distortions. (Source: *Reforma*, 2/19/03)

IATP ACCUSED USG OF DUMPING

Mark Ritchie, President of the Institute for Agricultural Trade Policy (IATP) in the United States, accused the USG of violating WTO agreements by dumping corn, soy, cotton, wheat, and rice on the Mexican market. Small-size farmers in the United States reportedly support Mexican efforts to renegotiate NAFTA's agricultural chapters. (Source: *El Universal*, *El Financiero*, *La Jornada*, *Milenio Diario*, 2/20/03)

U.S. PHYTOSANITARY RESTRICTIONS HURTS MEXICAN EXPORTS

Javier Trujillo Arriaga, Director of the National Phytosanitary Service, said that the Agriculture Secretariat (SAGARPA) was concerned that the USDA would enforce phytosanitary restrictions on Mexican fruit and vegetable exports to the United States. Trujillo said that SAGARPA was creating obligatory phytosanitary standards for tomato farmers. (Source: *Reforma*, 2/14/03)

WATER PURCHASING

On February 14, 2003, a report from the Binational Commission recommends that the GOM and USG create a private market to sell and purchase water from the Rio Grande (Bravo), as a way of reducing conflicts between the two nations. (Source: *La Jornada*, *Milenio Diario*, 2/14/03)

CIGAR EXPORTERS SUES GOM AND WINS

On February 14, 2003, a NAFTA arbitration panel ruled that Mexico would have to pay a fine of 1.7 million dollars for discriminating against a U.S. cigar exporter, Marvin Roy Feldman, who had sued the GOM in 1999 for failing to compensate his company for Mexican taxes that were returned to Mexican companies. The panel ruled that Mexico had violated Article 1102 of NAFTA, which requires countries to treat NAFTA members the same as national companies. (Source: *Reforma*, 2/14/03)

“THIS DIALOGUE BEST BE A SUCCESS”

On February 13, 2003 during the fourth day of the national dialogue on agriculture policies, around 1,700 people participated in discussions on development and social policies. Secretary of Government Affairs, Santiago Creel, said the national dialogue was a chance for farming groups and the federal government to start their relationship again with a clean slate. National Farm Worker Confederation (CNC) leader Heladio Ramirez and Barzón leader Alfonso Ramirez warned that national stability could break down, if the dialogue was not a success. (Source: *Reforma*, *El Universal*, *La Jornada*, 2/14/03)

FARMING GROUPS CALL FOR AGRICULTURAL REFORM

On February 17, 2003, farming groups demanded that the Secretariat for Agricultural Reform undergo a process of modernization in order to allow it to resolve around 30,000 land conflicts. They also agreed that recommendations made during the National Dialogue on Agricultural Policies would be turned into resolutions for the National Agreement for the Rural Sector, which is supposed to be prepared by March 8. The National Confederation of Farm Workers (CNC) claims that current agrarian policies have tried to break up *ejidos* (community-owned land). (Source: *El Universal*, *La Jornada*, *Milenio Diario*, 2/18/03)

“LET’S SOLVE THE PROBLEMS INSTEAD OF POLITICIZING IT”

On February 19, 2003, Agrarian Reform Secretary, Maria Teresa Herrera, called upon farming groups to refrain from politicizing discussions to reform national agricultural policies. Herrera said that the problems of the agricultural sector would require long-term solutions. During the third table discussion on “Restructuring Rural Property,” farming groups presented Herrera with a list of demands, including exhortations to resolve land conflicts, reform Article 27 of the Constitution, and deepen law enforcement. (Source: *El Universal*, *El Financiero*, *La Jornada*, *Milenio Diario*, 2/19/03)

DETERMINING WHETHER THE PROPOSALS ARE VIABLE

On February 19, 2003, farming group leaders said that discussion tables for the National Agricultural Dialogue had become a platform for speeches, which would be reviewed by Public Policy Coordinator Eduardo Sojo, who would consider the viability of any proposals before they were integrated into the National Agricultural Pact. Environmental Secretary Victor Lichtinger acknowledged that the lack of water had generated conflicts in the agricultural sector. (Source: *Reforma*, *Financiero*, 2/20/03)

ENERGY REFORM AND NAFTA RENEGOTIATIONS

On February 19, 2003, Guanajuato State Governor, Juan Carlos Romero Kicks, said that a postponed meeting between President Fox and state governors would take place in Guanajuato on February 21, 2003. Topics to be discussed include energy reform and the possible renegotiation of NAFTA's agricultural chapters. (Source: *Reforma*, 2/20/03)

WATER RESOLUTION

On February 20, 2002, a report from the Binational Commission recommends that the GOM and USG create a private market to sell and purchase water from the Rio Grande (Bravo), as a way of reducing conflicts between the two nations. (Source: *La Jornada*, *Milenio Diario*, 2/20/03)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

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